

AMENDED IN ASSEMBLY MARCH 29, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1574**

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**Introduced by Assembly Member Houston**

February 23, 2007

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~~An act to add Section 6157.8 to the Business and Professions Code, relating to attorneys. An act to add Section 1102.6e to the Civil Code, relating to real estate disclosure.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1574, as amended, Houston. ~~Attorney advertising; residential construction defects. Real estate disclosures.~~

*Existing law requires the disclosure of specified attributes of residential real property prior to the transfer of title, including disclosure of a continuing lien levy of special taxes, as specified.*

*This bill would require a seller of property upon which a residential unit is constructed that is first transferred to a buyer on or after January 1, 2008, and which is subject to a covenant, condition, or restriction imposed by the original seller requiring payment of a fee at the time of conveyance, to make a specified disclosure and to record this disclosure in the chain of title. The bill would require that the disclosure include the amount of the fee required or a description of how the fee is calculated, the entity or entities to which funds from the fee will be paid, and the general purpose for which funds will be used. This bill would also make a related statement of legislative intent.*

~~Existing law, the State Bar Act, provides for the regulation of attorneys, including the means by which they solicit employment of their legal services. Existing law authorizes the State Bar of California to discipline an attorney for a violation of these provisions. Existing~~

~~law requires certain disclosures to be made upon the transfer of residential property and prescribes the manner and form of those disclosures.~~

~~This bill would require any written communication by a member of the State Bar, as defined, to a specific homeowner, group, or homeowners' association that urges the retaining of that member in connection with a potential claim for residential construction defects to contain a notification of disclosure requirements with regard to construction defects or related litigation applicable to a homeowner upon the transfer of ownership of a residential property.~~

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. (a) It is the intent of the Legislature to enact*  
2     *legislation to restrict the imposition of privately imposed fees*  
3     *applicable upon the transfer of real property that serve neither a*  
4     *public benefit nor a specific benefit to the property upon which*  
5     *the fee is placed. It is not the intent of the Legislature in restricting*  
6     *these fees to prohibit a private person or entity from imposing a*  
7     *fee, charge, or payment to discourage speculative purchases.*

8     *(b) It is further the intent of the Legislature to enact legislation*  
9     *to require adequate disclosure of privately imposed fees applicable*  
10    *upon the transfer of real property to owners of real property in*  
11    *situations in which the property has been transferred prior to*  
12    *January 1, 2008.*

13    *SEC. 2. Section 1102.6e is added to the Civil Code, to read:*

14    *1102.6e. (a) This section applies to all transfers of real*  
15    *property for which both of the following apply:*

16    *(1) The property upon which a residential unit has been*  
17    *constructed is transferred to the first homebuyer on or after*  
18    *January 1, 2008.*

19    *(2) The property being transferred is subject to a covenant,*  
20    *condition, or restriction, placed on the property by the original*  
21    *seller requiring payment of a fee at the time of conveyance of the*  
22    *property.*

23    *(b) (1) In addition to any other disclosure required pursuant*  
24    *to this article, the seller or any real property subject to this section*  
25    *shall provide an additional disclosure statement containing the*

1 *information described in paragraph (2) and shall record this*  
2 *statement against title to the property.*

3 *(2) The disclosure statement shall include all of the following*  
4 *information:*

5 *(A) The amount of the fee required or a description of how the*  
6 *fee is calculated.*

7 *(B) The entity or entities to which funds from the fee will be*  
8 *paid.*

9 *(C) The general purpose for which funds from the fee will be*  
10 *used.*

11 ~~SECTION 1. Section 6157.8 is added to the Business and~~  
12 ~~Professions Code, to read:~~

13 ~~6157.8. Any written communication by a member that is~~  
14 ~~directed or distributed to a specific homeowner, group of~~  
15 ~~homeowners, or homeowners' association and that urges the~~  
16 ~~homeowner, group, or association to retain that member in~~  
17 ~~connection with a potential claim for residential construction~~  
18 ~~defects, shall notify the homeowner, group, or association of the~~  
19 ~~disclosure requirements with regard to construction defects or~~  
20 ~~related litigation applicable to a homeowner upon transfer of~~  
21 ~~ownership of a residential property.~~